

9-173A031

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June 22, 1989

OFFICES IN  
WASHINGTON, D. C.  
NEW YORK  
NEW JERSEY

HAND DELIVERED

RECORDATION NO 16400 FILED 1423

JUN 22 1989 - 12 55 PM

INTERSTATE COMMERCE COMMISSION

Ms. Noreta R. McGee  
Secretary  
Interstate Commerce Commission  
12th & Constitution Avenue, N.W.  
Washington, D.C. 20423

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11303(a) are two (2) copies of the Loan Agreement, Chattel Mortgage and Security Agreement dated as of June 15, 1989, a primary document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed documents are:

Secured Party: The First National Bank of Maryland  
Transportation Division  
25 S. Charles Street  
Baltimore, Maryland 21201

Debtor: Radnor Associates, Ltd.  
Two Radnor Corporate Center  
100 Matsonford Road  
Radnor, Pennsylvania 19087

A description of the railroad equipment covered by the enclosed document is set forth in Schedule A attached hereto and made a part hereof.

Also enclosed is our check in the amount of \$13.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return a filed stamped copy of the enclosed document to Patrick K. Cameron, Esq., Ober, Kaler, Grimes & Shriver, 1600 Maryland National Bank Building, 10 Light Street, Baltimore, Maryland 21202.

JUN 22 12 55 PM '89  
MOTOR OPERATING UNIT


*Delores M. McGee*  
*C. Cameron*

Ms. Noreta R. McGee  
June 22, 1989  
Page Two

A short summary of the enclosed primary document to appear  
in the Commission's Index is:

Loan Agreement, Chattel Mortgage and Security Agreement  
dated as of June 15, 1989, by and between The First  
National Bank of Maryland, Secured Party, and Radnor  
Associates, Ltd., Debtor, covering 97 tri-level auto  
racks.

Very truly yours,

  
Patrick K. Cameron

PKC/pml  
Enclosures

97 fully enclosed tri-level auto racks presently on lease to the Soo Line Railroad Company comprised of:

Models AB15153G including Whitehead & Kales radial end doors, 60-Ratchet Lo Ty's (A-234-786), 60-Idler Assemblies (A-234-760) and 60-Chain Assemblies (C-231-465).

Specifications ASK 6580 including Whitehead & Kales radial end doors, 60-Ratchet Lo Ty's (A-234-786), 60-Idler Assemblies (A-234-760) and 60-Chain Assemblies (C-231-465).

The serial numbers for the 97 tri-level auto racks are as follows:

<u>Serial No.</u>	<u>Serial No.</u>	<u>Serial No.</u>	<u>Serial No.</u>
58733-34	58825-26		
58731-32	58829-30	58765-66	58877-78
58725-26	58827-28	58755-56	58875-76
58717-18	58819-20	58775-76	58865-66
58719-20	58813-14	58769-70	58873-74
58721-22	58811-12	58771-72	58887-88
58723-24	58821-22	58773-74	58895-96
58709-10	58817-18	58781-82	58891-92
58711-12	58823-24	58783-84	58889-90
58715-16	58835-36	58791-92	58885-86
58741-42	58837-38	58789-90	58893-94
58743-44	58831-32	58787-88	58871-72
58735-36	58833-34	58779-80	58867-68
58729-30	58841-42	58777-78	58869-70
58727-28	58839-40	58795-96	58879-80
58745-46	58847-48	58797-98	58881-82
58739-40	58843-44	58799-800	58901-02
58737-38	58845-46	58793-94	58899-900
58751-52	58853-54	58801-02	58897-98
58749-50	58861-62	58815-16	58903-04
58759-60	58859-60	58809-10	58905-06
58753-54	58855-56	58805-06	58907-08
58757-58	58863-64	58807-08	58747-48
58761-62	58849-50	58803-04	
58767-68	58851-52		
58763-64	58857-58		

**Interstate Commerce Commission**  
Washington, D.C. 20423

6/22/89

OFFICE OF THE SECRETARY

Patrick K Cameron

Ober Kaler Grimes & Shriver

1600 Maryland National Bank Building

10 Light Street

Baltimore Maryland 21202

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 6/22/89 at 12:55pm, and assigned recordation number(s). 8850-D, 16400

Sincerely yours,

*Narta L. McEe*

Secretary

Enclosure(s)

16400  
RECORDATION NO. \_\_\_\_\_ FILED 1425

JUN 22 1989 -12 55 PM

INTERSTATE COMMERCE COMMISSION

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**LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT**

Dated as of June 15, 1989

between

**THE FIRST NATIONAL BANK OF MARYLAND,**

and

**RADNOR ASSOCIATES, LTD.**

---

Covering  
97 Enclosed Tri-Level Auto Racks  
25 100-Ton Covered Steel-Coil Gondola Cars

---

Filed and recorded with the Interstate Commerce Commission  
pursuant to the Interstate Commerce Act, 49 U.S.C. § 11303 on  
the \_\_\_\_ day of June, 1989, at \_\_\_\_ .m., recordation no. \_\_\_\_.

LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT

INDEX

I.	THE REVOLVING CREDIT LOAN	2	
	Section 1.1	Loan Advances	2
	Section 1.2	Prepayment	3
	Section 1.3	Loan Procedure	3
	Section 1.4	Statement of Account	4
	Section 1.5	Collateral Account	4
	Section 1.6	Revolving Credit Loan Fee	5
	Section 1.7	Effect of Casualty to Equipment	5
II.	COLLATERAL	5	
	Section 2.1	Security for Loan Advances	5
III.	CLOSINGS; CONDITIONS PRECEDENT	7	
	Section 3.1	Closings	7
	Section 3.2	Closing on the Soo Lease and Racks	7
	Section 3.3	Closing on Conrail Lease and Cars	9
IV.	UNCONDITIONAL OBLIGATIONS	9	
V.	REPRESENTATIONS AND WARRANTIES	10	
	Section 5.1	Good Standing	10
	Section 5.2	Power and Authority	10
	Section 5.3	Binding Agreements	10
	Section 5.4	Litigation	10
	Section 5.5	No Conflicting Agreements	10
	Section 5.6	Financial Condition	11
	Section 5.7	Taxes	11
	Section 5.8	Compliance With Law	11
	Section 5.9	Place(s) of Business and Location of Collateral	11
	Section 5.10	Title to Properties	12
	Section 5.11	Margin Stock	12
	Section 5.12	ERISA	13
	Section 5.13	Governmental Consents	13
	Section 5.14	Full Disclosure	13
	Section 5.15	No Default	13
	Section 5.16	Recitals	13
	Section 5.17	The Leases	14
VI.	AFFIRMATIVE COVENANTS OF BORROWER	14	
	Section 6.1	Financial Statement	14
	Section 6.2	Taxes and Claims	15
	Section 6.3	Corporate Existence	15
	Section 6.4	Compliance with Laws Generally	15

Section 6.5	Governmental Regulation	15
Section 6.6	Litigation	15
Section 6.7	Insurance	15
Section 6.8	Maintenance of Properties	15
Section 6.9	Maintenance of the Collateral	16
Section 6.10	Other Liens, Security Interest, etc.	16
Section 6.11	Defense of Title and Further Assurances	16
Section 6.12	Enforcement of Lease Covenants	17
Section 6.13	Books and Records	17
Section 6.14	Deposits of Lease and Collateral Payments	17
Section 6.15	Business Names	17
Section 6.16	Use and Possession of the Equipment	17
Section 6.17	Identification Marks	18
Section 6.18	Notice of Casualty or Default	18
VII.	NEGATIVE COVENANTS OF BORROWER	19
Section 7.1	Mortgages and Pledges	19
Section 7.2	Merger, Acquisition or Sale of Assets	19
Section 7.3	Location of Collateral	19
Section 7.4	The Leases	19
Section 7.5	ERISA	20
VIII.	EVENTS OF DEFAULT	20
Section 8.1	Failure to Pay the Obligations	20
Section 8.2	Breach of Representations and Warranties	20
Section 8.3	Failure to Comply with Covenants	21
Section 8.4	Default Under the Leases	21
Section 8.5	Receiver; Bankruptcy of Borrower	21
Section 8.6	Receiver; Bankruptcy of Lessee	21
Section 8.7	Judgment	22
Section 8.8	Execution; Attachment	22
Section 8.9	Default Under Other Borrowings	22
Section 8.10	Change of Ownership	22
IX.	RIGHTS AND REMEDIES UPON DEFAULT	22
Section 9.1	Remedies	22
Section 9.2	Expenses	25
Section 9.3	Notice and Liquidation Costs	25
Section 9.4	Waiver of Borrower	26
Section 9.5	Effect of Sale	26
Section 9.6	Discontinuance of Remedies	27

X.	MISCELLANEOUS	27
Section 10.1	Notices	27
Section 10.2	Consents and Approvals	27
Section 10.3	Remedies, etc. Cumulative	27
Section 10.4	No Waiver of Rights by the Bank	28
Section 10.5	Entire Agreement	28
Section 10.6	Survival of Agreement; Successors and Assigns	28
Section 10.7	Expenses	28
Section 10.8	Counterparts	29
Section 10.9	Maryland Law Governs	29
Section 10.10	Modifications	29
Section 10.11	Illegality	29
Section 10.12	Extension of Maturity	30
Section 10.13	Gender, etc	30
Section 10.14	Headings	30
Section 10.15	Liability of the Bank	30
XI.	DEFINITIONS	29



## LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT

THIS LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT (the "Agreement") is made this 15 day of June, 1989, by and between RADNOR ASSOCIATES, LTD., a Pennsylvania corporation with its principal place of business and chief executive office at 2 Radnor Corporate Center, Suite 114, 100 Matsonford Road, Radnor, Pennsylvania 19087 (the "Borrower") and THE FIRST NATIONAL BANK OF MARYLAND, a national banking association with its principal place of business at 25 South Charles Street, Baltimore, Maryland 21201 (the "Bank").

### RECITALS

A. Borrower is the owner and lessor of (i) 25 100-ton covered steel-coil gondola cars (described on Schedule I attached hereto and made a part hereof, the "Cars") presently being leased to Consolidated Rail Corporation ("Conrail") pursuant to that certain Lease of Railroad Equipment dated as of May 22, 1980, as amended, between the Borrower, as lessor, and Conrail, as lessee (the "Conrail Lease"), and (ii) 97 enclosed tri-level auto racks (described on Schedule II attached hereto and made a part hereof, the "Racks") presently being leased to Soo Line Railroad Company ("Soo") pursuant to that certain Lease of Railroad Equipment, dated as of June 1, 1977, as amended and extended, between Equilease Corporation ("Equilease"), as lessor, and Soo (as successor-in-interest to Chicago, Milwaukee, St. Paul and Pacific Railroad Company), as lessee, which lease was purchased by the Borrower pursuant to that certain Purchase Agreement dated September 8, 1988, between the Borrower and Equilease (the "Soo Lease"). As used herein, the term "Equipment" shall mean the Cars, the Racks and any other equipment which is now or hereafter described on Schedule I and II hereto, and each item thereof, shall be referred to as an "Item of Equipment"; the term "Leases" shall mean the Conrail Lease and the Soo Lease, and each of them shall be a "Lease"; and "Lessees" shall mean both Conrail and Soo, and their respective successors and assigns, and each of them shall be a "Lessee".

B. Borrower has applied to the Bank for a revolving credit facility in an amount not to exceed \$895,000, to be used by the Borrower for the purchase of additional rail cars and of residual values in leases, for working capital needs and other corporate purposes.

C. The Bank is willing to provide the Borrower with the requested revolving credit facility, upon the terms and subject to the conditions hereinafter set forth.

## AGREEMENTS

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Borrower and the Bank do hereby agree as follows:

### I. THE REVOLVING CREDIT LOAN.

Section 1.1 Loan Advances. Subject to the fulfillment of the conditions specified in Article 3 hereof, the Bank hereby agrees to lend to the Borrower from time to time such sums, in such amounts and at such times as hereinafter provided (the "Revolving Credit Loan"). The obligation of the Borrower to repay all sums advanced to it under the Revolving Credit Loan shall be evidenced by Borrower's revolving credit note dated as of the date hereof and in substantially the form attached hereto as Exhibit A (the "Revolving Credit Note"). The Revolving Credit Note shall bear interest and be payable in the manner and at the times set forth therein.

The maximum amount the Bank is willing to advance to the Borrower under the Revolving Credit Loan during each calendar quarter is as follows:

<u>Date</u>	<u>Maximum Availability</u>
04/01/89	\$650,000
07/01/89	\$575,000
10/01/89	\$520,000
01/01/90	\$450,000
04/01/90	\$375,000
07/01/90	\$300,000
10/01/90	\$230,000
01/01/91	\$160,000
04/01/91	\$ 80,000
07/01/91	\$ -0-

Notwithstanding the foregoing, upon Borrower's fulfillment of each of the conditions specified in Section 3.3 hereof, the maximum amount to be made available to the Borrower hereunder and the terms for repayment of said amounts shall be adjusted upward, as follows:

<u>Date</u>	<u>Maximum Availability</u>
04/01/89	\$650,000
07/01/89	\$575,000
10/01/89	\$895,000
01/01/90	\$815,000
04/01/90	\$720,000
07/01/90	\$630,000
10/01/90	\$545,000
01/01/91	\$455,000
04/01/91	\$355,000
07/01/91	\$255,000
10/01/91	\$240,000
01/01/92	\$215,000
04/01/92	\$195,000
07/01/92	\$175,000
10/01/92	\$150,000
01/01/93	\$ -0-

Section 1.2 Prepayment. The Borrower may prepay the principal sum outstanding from time to time, in whole or in part, at any time without premium or penalty. Sums repaid may be readvanced.

### Section 1.3 Loan Procedure.

(a) Information, Records, etc. The Borrower shall furnish to the Bank such schedules, certificates, lists, records, reports, information and documents as requested by the Bank from time to time.

(b) Loan Advances. The Borrower may from time to time, upon at least two Business Day's notice, request the Bank to make advances to it under the Revolving Credit Loan. Upon receipt of each such request and assuming the Borrower is not then in default of its obligations hereunder, the Bank will advance to the Borrower such sums not to exceed the maximum amount then available to the Borrower hereunder. Each advance made will be evidenced by the principal amount thereof being credited to a banking account which the Borrower maintains with the Bank.

(c) Transactions Between the Borrower and the Bank. In respect to any advance and all other matters under or in connection with any transactions contemplated hereby, the Borrower authorizes the Bank to accept, rely upon, act upon and comply with, any telephone, oral or written instructions, requests, confirmations and orders of any authorized employee or representative of the Borrower, until the Bank has been notified that such person is no longer authorized. The Borrower acknowledges that the transmission between the Borrower and the Bank of any such instructions, requests, confirmations and orders involves the possibility of errors, omissions, mistakes and discrepancies and agrees to adopt such internal measures and operational procedures

to protect its interests. By reason thereof, the Borrower hereby assumes all risk of loss and responsibility for, releases and discharges the Bank from any and all responsibility or liability for, and agrees to indemnify, reimburse on demand and hold the Bank harmless from, any and all claims, actions, damages, losses, liability and expenses by reason of, arising out of or in any way connected with or related to, (i) the Bank's acceptance, reliance and actions upon, compliance with or observation of any such instructions, requests, confirmations or orders, and (ii) any such errors, omissions, mistakes and discrepancies, except those caused by the Bank's own gross negligence or willful misconduct.

Section 1.4 Statement of Account. The Bank will establish and maintain an account on its books (the "Statement of Account") to which (a) the principal amount of each advance under the Revolving Credit Loan made by the Bank shall be debited thereto on the date made, (b) each payment made by the Borrower to the Bank shall be credited thereto on the date received, (c) all or any part of the collected funds (the "Collections", in the singular "Collection") credited to the Collateral Account, as defined in Section 1.5 hereof, which are to be used to pay principal and/or interest under the Revolving Credit Note, shall be credited thereto on the date such payment or payments are due, and (d) all accrued interest on the Revolving Credit Loan, the Expense Payments and the Liquidation Costs (as such terms are defined in Article IX hereof) not paid as and when due and payable shall be debited thereto on the date such amount becomes past due. All credit entries to the Statement of Account are conditional and shall be readjusted as of the date made if final payment is not received by the Bank in cash or its equivalent, or if the amounts so paid are recovered or recoverable from the Bank. The Bank may render (but is not obligated to) at any time or from time to time a statement or statements to the Borrower with respect to the Statement of Account. Each such statement shall be deemed to be correct and shall be conclusively binding on the Borrower unless the Borrower notifies the Bank to the contrary in writing, within ninety (90) days from the date of such statement. The Borrower hereby promises to pay to the Bank, on demand, an amount equal to the excess, if any, of all debit entries over all credit entries recorded in the Statement of Account under the provisions hereof to the extent such excess exceeds the amount then available to the Borrower under the Revolving Credit Loan.

Section 1.5 Collateral Account. From and after the date of the first advance hereunder until the Obligations (as hereinafter defined) are paid in full, the Borrower will deposit or cause to be deposited into a bank account designated by the Bank (the "Collateral Account") all checks, drafts, cash and other remittances in payment or on account of payment of the Leases (upon the attachment of the Bank's security interest therein) and with respect to any of the Collateral (as hereinafter defined) (all of the foregoing herein collectively referred to as "items of payment"). The Borrower hereby agrees to cause each Lessee to

wire transfer to the Bank at 25 South Charles Street, Baltimore, Maryland 21201, Attn: Transportation Division, for deposit into the Collateral Account, all rentals and other sums payable to the Borrower under the terms of the Leases (all such payments, the "Collections"). In addition Borrower agrees to deposit all items of payment received by the Borrower into the Collateral Account, within two (2) Business Days of receipt thereof, and in precisely the form received, except for the endorsement of the Borrower where necessary to permit the collection of the same. The Borrower hereby authorizes the Bank to withdraw from the Collateral Account all sums necessary to pay as and when due the principal of and/or interest on, and all other sums due under, the Revolving Credit Note.

Section 1.6 Revolving Credit Loan Fee. The Borrower agrees to pay to the Bank a Revolving Credit Loan fee (computed on the basis of a 360-day, year for the actual number of days elapsed) of  $\frac{1}{4}\%$  per annum on the daily average of the unused amount of the Revolving Credit Loan. Such fee shall start to accrue upon the earlier of the Borrower's satisfaction of each of the conditions set forth in the Section 3.2 hereof or July 31, 1989, shall be computed on a calendar quarter basis and shall be payable on the first day of each calendar quarter for the quarter just ended and on such date as the Revolving Credit Loan may be terminated or shall mature pursuant to the terms hereof.

Section 1.7 Effect of Casualty to Equipment.

(a) Application of Payment. The amounts received from time to time by the Bank which constitute settlement by the Lessee of the casualty, stipulated loss, or similar value for any Item of Equipment pursuant to the Lease thereof, shall be applied in accordance with the terms of the Revolving Credit Note; provided, however, any payments received after the occurrence of an Event of Default hereunder may be applied by the Bank as the Bank alone may deem appropriate.

(b) Reduction of the Available Facility. Upon the occurrence of any casualty, event of loss or similar occurrence to any Item of Equipment, which Item of Equipment is not repaired or replaced by the Lessee in accordance with the terms of the Lease thereof, the maximum amounts available to the Borrower under the Revolving Credit Loan shall be reduced by 1/25 if such casualty or event of loss is with respect to a Car and by 1/97 if such casualty or event of loss is with respect to a Rack.

II. COLLATERAL

Section 2.1 Security for Loan Advances. As security for the payment by the Borrower to the Bank of all amounts payable hereunder and under the other Loan Documents, and for the performance by the Borrower of its obligations hereunder and under the other Loan Documents (all such obligations, the "Obligations"), the

Borrower does hereby grant, bargain, sell, convey, assign, transfer, mortgage, hypothecate, pledge, confirm and create in favor of the Bank a first priority chattel mortgage lien on and security interest in (the "Lien") the following described property, rights and privileges (which collectively, including all property hereafter specifically subjected to the Lien by the terms hereof or by any instrument supplemental hereto, are herein called the "Collateral"):

(1) the Equipment leased to the Soo Line Railroad Company pursuant to the terms of the Soo Lease and all accessions, improvements and attachments thereto and all substitutions, renewals or replacements thereof (the "Equipment");

(2) all of the Borrower's right, title and interest as lessor in and to the Soo Lease, including, without limitation, the right to receive all payments and other sums due thereunder, for or with respect to the Equipment (all such payments, "Rents");

(3) all of the Borrower's right, title and interest in and to the monies in the Collateral Account and all other transferable rights, powers and privileges incident thereto;

(4) all of the Borrower's right, title and interest in and to all cash and non-cash proceeds (including insurance proceeds and condemnation awards) of any of the foregoing; and

(5) all books and records relative thereto, whether or not in the Borrower's possession.

Notwithstanding the foregoing, there shall be excluded from the Lien the Borrower's right to receive all payments in the nature of personal indemnification or proceeds of liability insurance relating to the Equipment (all such payments "Excepted Payments").

The parties agree that, notwithstanding anything contained herein to the contrary, the Borrower shall continue to remain liable under the Soo Lease and shall perform all of the obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and the Bank shall not be required or obligated in any manner to perform or fulfill any obligations of the Borrower under or pursuant to said Lease or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

The Borrower does hereby constitute the Bank as its true and lawful attorney irrevocably, with full power (such power coupled with an interest) in the name of the Borrower or otherwise to

ask, require, demand, receive, and compound and give acquittance for any and all monies and claims for monies due and to become due under or arising out of the Soo Lease (other than Excepted Payments), to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Bank alone may deem necessary or advisable in the premises; provided, however, that the Bank shall not exercise such power of attorney so long as the Borrower is not in default of its obligations hereunder. In addition, to the extent the Borrower receives any rents or other sums payable under the Soo Lease or in connection with the Collateral, the Borrower agrees to promptly remit it to the Bank for deposit into the Collateral Account.

The Borrower further agrees that the Bank shall have in respect of the Collateral all of the rights and remedies of a secured party under the Maryland Uniform Commercial Code ("UCC"). The Borrower covenants and agrees to execute and deliver such instruments, documents, financing statements and other filings necessary in the opinion of the Bank to duly perfect such security interest and mortgage lien.

Upon payment and performance of all of Borrower's Obligations secured by the Soo Lease, the security interest created hereby shall terminate and shall be of no further force or effect.

### III. CLOSINGS; CONDITIONS PRECEDENT.

Section 3.1 Closings. The Bank has agreed to make the Revolving Credit Loan to the Borrower on the express condition that the Borrower secure its obligations hereunder by assigning to the Bank all of its rights, title and interests in and to the Leases and the equipment leased pursuant thereto. At present, the Conrail Lease and the Cars are encumbered by a lien in favor of Girard Bank, as Agent for The Paul Revere Life Insurance Company (the "Agent"). The Borrower is obligated to pay to the Agent, on or before October 1, 1989, all sums due it under that certain Finance Agreement dated as of April 1, 1978, as amended. Upon payment of said sums, the lien in favor of the Agent shall terminate and shall be of no further force or effect. Subsequent thereto, but in all events prior to October 31, 1989, the Borrower shall assign, transfer, convey and create in favor of the Bank a first priority chattel mortgage lien on and security interest in the Conrail Lease and the Cars, as further security for its obligations hereunder.

The closings on the Soo Lease and the Conrail Lease shall take place at the offices of Ober, Kaler, Grimes & Shriver, counsel to the Bank, at 1600 Maryland National Bank Building, Baltimore, Maryland 21202 or at such other place as the parties may designate, on such day or days as the parties shall specify at least two (2) Business Days prior to such closing.

Section 3.2 Closing on the Soo Lease and Racks.

The obligation of the Bank to make an initial advance hereunder shall be subject to the Borrower's satisfaction of the following conditions precedent:

(a) Delivery to the Bank of a fully executed copy of each of the following documents:

- (i) the Agreement,
- (ii) the Revolving Credit Note,
- (iii) the Notice of Assignment and Lessee's Consent and Agreement duly executed on behalf of Soo (in substantially the form attached hereto as Exhibit B),
- (iv) Uniform Commercial Code financing statements in form acceptable to the Bank and its counsel,
- (v) a counterpart copy of the Soo Lease recorded with the Interstate Commerce Commission ("I.C.C.") pursuant to the Interstate Commerce Act, 49 U.S.C. § 11303 and in accordance with 49 CFR Part 1177,
- (vi) the original Full Termination and Release of Security Interests and Liens, duly executed on behalf of Meridian Bank, in form satisfactory for filing with the I.C.C., and
- (vii) Uniform Commercial Code termination statements duly executed by Meridian Bank, terminating its interest in the Soo Lease and in the Racks;

(b) All legal matters incident to the Loan and all documents necessary in the opinion of the Bank to the making of the Revolving Credit Loan shall be satisfactory in all material respects to the Bank and its counsel;

(c) The Bank shall receive on the date hereof: (a) a certificate of the Secretary of the Borrower, in a form acceptable to the Bank in all respects, dated as of the date hereof and certifying (i) that attached thereto is a true, complete and correct copy of resolutions adopted by the Board of Directors of the Borrower duly authorizing the execution, delivery and performance of this Agreement and the other Loan Documents, and the Obligations, and (ii) as to the incumbency and specimen signature of each officer of the Borrower executing this Agreement and the other Loan Documents, and a certification by the President or any Vice President of the Borrower as to the incumbency and signature of the Secretary of the Borrower; (b) such other documents as the Bank may reasonably require the Borrower to execute, in form and substance acceptable to the Bank; and (c) such additional information and reports as the Bank may reasonably deem necessary.



(d) The Borrower shall have satisfied the Bank that any and all insurance required by Section 6.7 of this Agreement is in effect as of the date of this Agreement, and unless waived by the Bank in writing that the Bank has been named as an additional loss payee under each and every policy relating to the Collateral.

(e) On or prior to the date hereof, this Agreement, the Soo Lease and the First Amendment to the Soo Lease shall have been duly filed with the I.C.C. pursuant to 49 U.S.C. § 11303 and in accordance with 49 CFR Part 1177.

(f) Borrower shall have good and marketable title to all of the Collateral, free and clear of all liens, encumbrances and interests of those claiming by, through or under the Borrower (except the Lien) and the Bank will be given a first priority chattel mortgage lien on and security interest in all such Collateral.

### Section 3.3 Closing on Conrail Lease and Cars.

The obligation of the Bank to increase the maximum amount to be made available to the Borrower pursuant to the terms of Section 1.1 hereof is subject to the fulfillment by the Borrower, on or before October 31, 1989, of the following conditions precedent:

(a) Delivery to the Bank of a fully executed copy of each of the following documents:

(i) Loan Agreement Supplement No. 1, in substantially the form attached hereto as Exhibit C;

(ii) Notice of Assignment and Lessee's Consent and Agreement duly executed on behalf of Conrail (in substantially the form attached hereto as Exhibit B);

(iii) Uniform Commercial Code financing statements in form acceptable to the Bank and its counsel,

(iv) the original counterpart copy of the Conrail Lease recorded with the I.C.C. pursuant to the Interstate Commerce Act, 49 U.S.C. § 11303 and in accordance with 49 CFR 1177,

(v) the original Full Termination and Release of Security Interests and Liens, duly executed on behalf of the Agent, in form satisfactory to the I.C.C.,

(vi) Uniform Commercial Code termination statements duly executed by Girard Bank, as Agent for The Paul Revere Life Insurance Company, terminating its interest in the Conrail Lease and in the Cars; and

(b) The representations and warranties of Borrower contained herein and in any certificate delivered pursuant hereto shall be true and correct on and as of the date of such closing; on such closing date there shall be no default hereunder or under the Conrail Lease nor shall there have occurred any event which, but for the lapse of time or the giving of notice, or both, would be such a default.

#### IV. UNCONDITIONAL OBLIGATIONS

The payment and performance by the Borrower of the Obligations shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Bank, and the Borrower shall pay absolutely net during the term of the Revolving Credit Loan all of the Obligations, free of any deductions and without abatement, diminution or set-off; and until payment in full of all of the Obligations, the Borrower: (a) will not suspend or discontinue any payments provided for in the Revolving Credit Note, (b) will perform and observe all of its other agreements contained in this Agreement, including (without limitation) all payments required to be made to the Bank, and (c) will not terminate or attempt to terminate this Agreement for any cause.

#### V. REPRESENTATIONS AND WARRANTIES

To induce the Bank to make the Revolving Credit Loan, the Borrower hereby represents and warrants to the Bank that:

Section 5.1 Good Standing. The Borrower (a) is a corporation duly organized, validly existing and in good standing under the laws of the State of Pennsylvania, which is the state of the Borrower's incorporation, (b) has the full power and authority to own and hold under lease its property and to carry on its business as now being conducted, and (c) is duly qualified and licensed to do business as a foreign corporation in good standing in each jurisdiction in which the character of its properties or the nature of its business makes such qualification necessary.

Section 5.2 Power and Authority. The Borrower has full power and authority to execute and deliver this Agreement and each of the other Loan Documents, and the Borrower has the power and authority to make the borrowings hereunder, and to incur the Obligations, all of which have been duly authorized by all proper and necessary corporate action. No consent or approval of stockholders, any public authority or any other Person is required as a condition to the execution, validity or enforceability of this Agreement or any of the other Loan Documents.

Section 5.3 Binding Agreements. Assuming due execution and delivery by the Bank, this Agreement and each of the other Loan

Documents have been duly executed by the Borrower, constitute valid and legally binding obligations of the Borrower, enforceable against the Borrower in accordance with the terms thereof.

Section 5.4 Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened before any court, arbitrator or administrative agency that could materially affect the financial condition or operations of the Borrower, the authority of the Borrower to enter into this Agreement or any of the other Loan Documents or its ability to perform hereunder and thereunder.

Section 5.5 No Conflicting Agreements. There is (a) no charter, by-law or preference stock provision of the Borrower and no provision of any existing mortgage, indenture, contract or agreement binding on the Borrower or affecting Borrower's property, and (b) to the knowledge of the Borrower, no provision of law or order of court binding upon the Borrower which would conflict with or in any way prevent the execution, delivery, or performance of the terms of this Agreement or of any of the other Loan Documents or which would be violated as a result of such execution, delivery or performance.

Section 5.6 Financial Condition. The year-end audited financial statements of the Borrower dated as of June 30, 1988, and the interim internally prepared quarterly financial statements of Borrower through the period ending March 31, 1989, are complete and correct and fairly present the financial condition of the Borrower as of the dates and for the periods referred to therein. The Borrower's annual financial statements dated as of June 30, 1988 have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the period involved. There are no liabilities in excess of \$100,000 in the aggregate, direct or indirect, fixed or contingent, of the Borrower as of the date of the most recent financial statements submitted to the Bank that are not reflected therein or in the notes thereto. There has been no adverse change in the financial condition or operations of the Borrower since the date of the most recent financial statements submitted to the Bank (and to the knowledge of the Borrower no such adverse change is pending or threatened), and the Borrower has not guaranteed the obligations of, or made any investment in or advances to, any company, individual, or other entity except as disclosed in such financial statements.

Section 5.7 Taxes. The Borrower has filed all Federal, state and local tax returns that, to the knowledge of the Borrower, are required to be filed, and has paid all taxes as shown on such returns or on any assessment received by it, to the extent that such taxes have become due, unless and to the extent only that such taxes, assessments and governmental charges are currently being contested in good faith and by appropriate and diligent legal proceedings by the Borrower and adequate reserves therefor have been established as required under generally

accepted accounting principles. To the extent the Borrower believes it advisable to do so, the Borrower has set up reserves that it believes to be adequate for the payment of additional taxes for years that have not been audited by the respective tax authorities.

Section 5.8 Compliance With Law. The Borrower is not in violation of any law, ordinance, governmental rule or regulation to which it is subject, and the Borrower has obtained any and all licenses, permits, franchises or other governmental authorizations necessary for the ownership of its properties and the conduct of its business, and for the performance of its obligations under the Loan Documents.

Section 5.9 Place(s) of Business and Location of Collateral. The address of the Borrower's chief executive offices is as specified in the preamble to this Agreement. Except for the "chattel paper" (as such item is defined in the UCC and interpretive case law persuasive in the courts of the state of Maryland) copies of the Leases which will be turned over to the Bank pursuant to the terms hereof, all books and records pertaining to the Collateral are and will be located at the Borrower's chief executive offices. The Borrower will promptly advise the Bank in writing of the opening of any new place or places of business or the closing of any of its existing places of business, and of any change in the location of the place or places where the books and records concerning the Collateral, or any part thereof, are kept.

The proper and only places to file the Agreement, the Leases, any financing statements and any other recordation documents or filings to perfect and otherwise give priority to the Lien on the Collateral is as follows: a copy of this Agreement shall be, and a recordation copy of the Soo Lease, as amended, is now and shall be at all times until the Lien thereon is released by the Bank, filed with the I.C.C. in accordance with 49 U.S.C. §11303 and 49 CFR Part 1177 (and any successor laws and regulations); Uniform Commercial Code financing statements-Form UCC-1 evidencing the granting of the Lien shall be filed with Secretary of the Commonwealth of Pennsylvania and Prothonotary of Delaware County, Pennsylvania ("UCC-1s"); lease notice filings (as provided for under the UCC or under any other applicable version of such laws) evidencing the Borrower's interest as "Lessor" in the Racks and any Collateral related thereto shall be filed with Secretary of the Commonwealth of Pennsylvania and Prothonotary of Delaware County, Pennsylvania. No other filings are necessary under any other applicable law for the purposes of securing or perfecting the Lien against the Collateral or causing it to have first priority status at all times until released by the Bank. All of the filings referenced above are, and all such filings which are to be filed hereafter shall be, properly completed, duly executed and recorded in the appropriate offices or registries therefor; and the Lien constitutes a valid duly perfected first priority chattel mortgage lien on and security interest in the Collateral

(subject only to the provisions of Section 6.17 of this Agreement).

Section 5.10 Title to Properties. The Borrower has good and marketable title to the Collateral. The Collateral is free and clear of any and all mortgages, pledges, liens, charges and other encumbrances (other than the Lien), of those claiming by, through and under the Borrower. The Borrower is not aware of any one claiming a lien or other interest in the Collateral by virtue of its dealings with the Lessee; and the Borrower has not heretofore assigned or pledged any of its right, title or interest in any of the Collateral, except as has been otherwise previously disclosed to the Bank in writing.

Section 5.11 Margin Stock. None of the proceeds from the Loan will be used, directly or indirectly, by the Borrower for the purpose of purchasing or carrying, or for the purpose of reducing or retiring any indebtedness that was originally incurred to purchase or carry any "margin security" within the meaning of Regulation G (12 CFR Part 207), or "margin stock" within the meaning of Regulation U (12 CFR Part 221), of the Board of Governors of the Federal Reserve System (herein called "margin security" and "margin stock") or for any other purpose that might make the transactions contemplated herein a "purpose credit" within the meaning of said Regulation G or Regulation U, or cause this Agreement to violate any other regulation of the Board of Governors of the Federal Reserve System or the Securities Exchange Act of 1934, as amended, or the Small Business Investment Act of 1958, as amended, or any rules or regulations promulgated under any of such statutes.

Section 5.12 ERISA. The Borrower has no pension, profit sharing or other similar plan in effect and is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Section 5.13 Governmental Consents. Neither the nature of the Borrower or of its business or properties, nor any relationship between the Borrower and any other entity or person, nor any circumstance in connection with the making of the Revolving Credit Loan, or the offer, issue, sale or delivery of the Revolving Credit Note is such as to require the consent, approval or authorization of, or filing, registration or qualification with, any governmental authority, on the part of the Borrower, as a condition to the execution and delivery of this Agreement or any of the other Loan Documents, the borrowings hereunder, the offer, issue, sale or delivery of the Revolving Credit Note.

Section 5.14 Full Disclosure. The financial statements referred to in this Article V do not, nor does this Agreement, nor do any written statements furnished by the Borrower or any other person to the Bank in connection with the making of the Loan, contain any untrue statement of fact or omit a fact necessary to make the statements contained therein or herein not

misleading. There is no fact that the Borrower has not disclosed to the Bank in writing which materially affects or, will or could prove to materially affect the properties, business, prospects, profits or condition (financial or otherwise) of the Borrower or the ability of the Borrower to perform its obligations under this Agreement.

Section 5.15 No Default. There is no Event of Default (as hereinafter defined) which has not otherwise been waived by the Bank and no event has occurred and no condition exists that with the giving of notice or the passage of time, or both, would constitute an Event of Default. The Borrower is not in default under the terms of any other agreement or instrument to which it is a party or by which it, the Collateral or any of its property may be bound or subject, with respect to any evidence of indebtedness or liability for borrowed money.

Section 5.16 Recitals. The Recitals to this Agreement are true and accurate in each and every respect and are all incorporated by reference herein.

Section 5.17 The Leases. Each of the Leases constitutes the legal, valid and binding obligations of each of the parties thereto, is enforceable by such parties in accordance with its terms and is in full force and effect; no event of default, or event which with the giving of notice or passing of time, or both, would constitute an event of default has occurred under any of the Leases and there are no matured but unsatisfied claims against the Borrower in favor of any of the Lessees which could be set off against the payments due and to become due under the Leases. The Borrower is lawfully entitled to receive payment of all monies and other sums due and to become due under the Leases, free and clear of any and all liens, encumbrances and other adverse rights whatsoever, except for the Lien. The Leases contain no prohibition against assignment and by their terms permit the Borrower to assign its rights to all payments due thereunder to the Bank.

## VI. AFFIRMATIVE COVENANTS OF BORROWER

Until payment in full and the performance of all of the Obligations hereunder, the Borrower shall:

Section 6.1 Financial Statements. Furnish to the Bank:

(a) Annual Statements and Certificates. As soon as available but in no event more than one hundred twenty (120) days after the close of each of the Borrower's fiscal years, (i) a copy of the audited financial statement in reasonable detail satisfactory to the Bank relating to the Borrower, prepared in accordance with generally accepted accounting principles and certified by an independent certified public accountant, which financial statement shall include a balance sheet as at the end

of such fiscal year, profit and loss statement and a statement of cash flows.

(b) Annual Certificate of Chief Financial Officer. As soon as available but in no event more than one hundred twenty (120) days after the close of each of the Borrower's fiscal years, a certificate of the chief financial officer of the Borrower stating whether any event has occurred that constitutes an Event of Default or that would constitute an Event of Default with the giving of notice or the lapse of time, or both, and, if so, stating the facts with respect thereto.

(c) Semi-Annual Statements and Certificates. As soon as available but in no event more than sixty (60) days after the close of the Borrower's second fiscal quarter, the internally prepared balance sheet and income statements of the Borrower for the six month period then ended, certified by the chief financial officer of the Borrower, and accompanied by a certificate of that officer stating whether any event has occurred that constitutes an Event of Default or that would constitute an Event of Default with the giving of notice or the lapse of time, or both, and, if so, stating the facts with respect thereto.

(d) Additional Reports and Information. With reasonable promptness, such additional information, reports or statements as the Bank may from time to time reasonably request.

Section 6.2 Taxes and Claims. Pay and discharge all taxes, assessments and governmental charges or levies imposed upon it or any of its income or properties prior to the date on which penalties attach thereto, and all lawful claims which, if unpaid, might become a lien or charge upon any of its properties; provided, however, the Borrower shall not be required to pay any such tax, assessment, charge, levy or claim, the payment of which is being contested in good faith and by appropriate and diligent legal proceedings.

Section 6.3 Corporate Existence. Maintain its corporate existence in good standing in the jurisdiction in which it is incorporated and in each jurisdiction where it is required to register or qualify to do business, or to perform its obligations under the Loan Documents.

Section 6.4 Compliance with Laws Generally. Comply with all applicable Federal (including those of the United States and Canada), state and local laws, rules and regulations.

Section 6.5 Governmental Regulation. Promptly notify the Bank in writing in the event that the Borrower receives any notice, claim or demand from any governmental agency that alleges that the Borrower is in violation of any of the terms of, or has failed to comply with any applicable order issued pursuant to, any Federal or state statute regulating its operation and

business, including, but not limited to, the Occupational Safety and Health Act and the Environmental Protection Act.

Section 6.6 Litigation. Give prompt notice in writing, with a full description to the Bank, of all litigation and of all proceedings before any court or any governmental or regulatory agency affecting the Borrower which, if adversely decided, would materially affect the conduct of the Borrower's business, the financial condition of the Borrower or in any manner affect the Collateral or the Borrower's performance of its obligations under the Loan Documents.

Section 6.7 Insurance. Cause to be carried and maintained casualty insurance and public liability insurance in respect of the Equipment in the amounts and against such risks as the Lessee thereof is obligated to carry and maintain under its Lease; all policies with respect to such insurance shall name the Bank as an additional insured and loss payee (for all policies insuring against loss or damage), as its interests may appear, shall provide for at least thirty (30) days' prior written notice by the insurance carrier to the Bank in the event of cancellation, modification or expiration and shall include waivers by the insurer of all claims for premiums against the Bank and a standard mortgagee waiver in favor of the Bank. In the event that the Borrower and/or the Lessee shall fail to maintain insurance as herein provided, the Bank may (at its sole option) provide such insurance and in such event the Borrower shall be liable to the Bank for the cost thereof together with interest on the amount of such cost from the date of the Bank's payment thereof until the Bank is fully reimbursed therefor at the rate of interest provided in Section 9.2 of this Agreement; and so long as no Event of Default has occurred, any insurance proceeds received by the Bank shall be distributed in accordance with the Leases and Article I hereof. Notwithstanding the foregoing, the Bank agrees that so long as the Leases remain in effect, the Borrower and/or the Lessees may self insure for physical damage to the Equipment and for public liability up to a limit of \$5,000,000 per occurrence.

Section 6.8 Maintenance of Properties. Keep and maintain, or cause the Lessee thereof to keep and maintain, the Equipment in good operating condition; make, or cause the Lessee thereof to make, all proper repairs, renewals, replacements, additions and improvements thereto needed to maintain such properties in good operating condition; and comply and cause each Lessee to comply with all laws, rules, regulations and orders applicable to the Collateral or any part thereof.

Section 6.9 Maintenance of the Collateral. Not permit anything to be done to the Collateral that may impair the value thereof. The Bank, or an agent designated by the Bank, shall be permitted to enter the premises of the Borrower, the Lessees and other person in possession thereof, and examine, audit and inspect the Collateral at any reasonable time and from time to



time without notice. The Bank shall not have any duty to, and the Borrower hereby releases the Bank from all claims of loss or damage caused by the delay or failure to collect any payment due under or enforce any term of the Leases or to preserve any rights against any other party with an interest in the Collateral.

Section 6.10 Other Liens, Security Interests, etc. Keep the Collateral free from all liens, security interests and claims of every kind and nature, other than those in favor of the Bank.

Section 6.11 Defense of Title and Further Assurances. At its expense defend the title to the Collateral (or any part thereof), and promptly upon request execute, acknowledge and deliver any financing statement, renewal, affidavit, deed, assignment, continuation statement, security agreement, certificate or other document the Bank may require in order to perfect, preserve, maintain, protect, continue and/or extend the Lien and its priority or to obtain the full benefits of the assignment hereunder and of the rights, powers and benefits granted in this Agreement. The Borrower shall be solely liable for and pay to the Bank on demand all taxes, costs and expenses incurred by the Bank in connection with the preparation, execution, recording and filing of any such document or instrument.

Section 6.12 Enforcement of Lease Covenants. Cause the Lessees to comply with each and every agreement and obligation to be performed by them under the respective Leases.

Section 6.13 Books and Records. (a) Keep and maintain accurate books and records, (b) make entries on such books and records disclosing the Bank's assignment of, and security interest in and lien on, the Collateral and all collections received by the Borrower pursuant to the Leases, (c) furnish to the Bank promptly upon request such information, reports, contracts and other data concerning the Lessees and the Collateral and all contracts and collection(s) relating thereto as the Bank may from time to time specify, (d) unless the Bank shall otherwise consent in writing, keep and maintain all such books and records mentioned in (a) above at its chief executive offices, and (e) permit any person designated by the Bank to enter the premises of the Borrower and examine, audit and inspect the books and records at any reasonable time and from time to time without notice.

Section 6.14 Deposit of Lease and Collateral Payments. Promptly upon receipt, deposit all moneys and items of payment constituting Collateral into the Collateral Account in the original form received by the Borrower (except for the endorsement of the Borrower where necessary, which endorsement the Borrower agrees to make, and the Bank, by its duly authorized officers or nominee, may also make such endorsement on the Borrower's behalf pursuant to the power of attorney granted to the Bank in Section 3.1 of this Agreement). Pending deposit thereof to the Collateral Account, the Borrower shall not com-

minge any such moneys or items of payment with any of its other funds or property but will hold them separate and apart therefrom in trust and for the account of the Bank until deposit into the Collateral Account or other delivery thereof is made to the Bank.

Section 6.15 Business Names. Promptly notify the Bank of any change in the name under which it or any Lessee conducts its or their respective business.

Section 6.16 Use and Possession of the Equipment. The Equipment will be used by the Borrower, the Lessees or any affiliate thereof, upon lines of railroad owned or operated by them or upon lines of railroad over which either of them has trackage or other operating rights or over which railroad equipment of the Borrower, the Lessees or any affiliate, is regularly operated pursuant to contract, and may be used by connecting or other carriers in the usual interchange of traffic but only upon and subject to the terms and conditions of this Agreement and the Leases; provided, however, that neither Borrower nor any Lessee or affiliate thereof shall use or permit the use of any Item of Equipment outside of the United States of America.

Section 6.17 Identification Marks. The Borrower will cause the Items of Equipment to be numbered with the respective identification numbers set forth in Schedule A and B hereto, and will cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on each side of each Item of Equipment, in letters not less than one inch in height, the words "Ownership Subject to Documents Filed with the Interstate Commerce Commission", with appropriate changes thereof as from time to time may be required by law, or required in the opinion of the Bank, in order to protect the Lien on and the Borrower's interest in such Item of Equipment and the rights of the Borrower under the Lease thereof and the rights of the Bank under the Loan Documents. The Borrower will not permit or suffer any Item of Equipment to be placed into operation or the exercise of any control or dominion over the same until such words shall have been so marked and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Borrower will not suffer or permit any changes to the identification number of any Item of Equipment unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Bank and duly filed and deposited by the Borrower or a Lessee in all public offices where the subject Lease and this Agreement shall have been filed and deposited and (ii) the Borrower or the Lessee shall have furnished the Bank an Opinion of Counsel to the effect that such statement has been so filed and deposited, and that no other filing, deposit or giving of notice with or to any Federal, state or local government or agency thereof is necessary to protect the rights of the Bank and the Borrower in such Item of Equipment.

Except as provided in the immediately preceding paragraph, the Borrower will not allow the name of any Person to be placed on any Item of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that an Item of Equipment may be lettered with the names or initials or other insignia customarily used by Lessee or its affiliates.

Section 6.18 Notice of Casualty or Default. The Borrower further covenants and agrees that it will give the Bank prompt written notice of any event or condition constituting an event of default or casualty under any Lease, upon a responsible officer of the Borrower having actual knowledge of such event or condition providing the details of the occurrence thereof. For purposes of this Section 6.18 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Borrower in this Agreement contained, any corporate officer of the Borrower who, in the normal performance of his operational responsibilities, would have knowledge of such event or condition and the requirements of this Agreement with respect thereto. The Borrower further agrees that it will provide the Bank with an officer's certificate of a duly authorized officer of the Borrower, certifying to the existence of such an occurrence; and, in the case of an event of default, whether or not the Lessee has undertaken to cure or has cured such default; and in the case of a casualty, (a) whether or not the Lessee has repaired or replaced the Item or Items of Equipment affected thereby, or (b) the amount which the Lessee shall be obligated to pay as a result of such casualty under the terms of the Lease and any adjustments to Lessee's rental obligations under the Lease as a result of such payment. This certificate shall be provided to the Bank within ten (10) business days of the Borrower's having actual knowledge of such event, and the certificate shall be acknowledged in writing by a duly authorized officer of the Lessee.

## VII. NEGATIVE COVENANTS OF BORROWER

Until payment in full and the performance of all of the Obligations, without the prior written consent of the Bank, the Borrower will not directly or indirectly:

Section 7.1 Mortgages and Pledges. Create, incur, assume or suffer to exist any assignment of, any mortgage, pledge, lien or other encumbrance of any kind upon, and any security interest in, any of the Collateral whether now owned or hereafter acquired, except (a) liens for taxes not delinquent and being contested in good faith by appropriate and diligent legal proceedings, and (b) mechanics', workmen's, materialmen's, landlords', carriers', or other like liens arising in the ordinary course of business with respect to obligations that are not due or that are being contested in good faith, and (c) the Lien.

Section 7.2 Merger, Acquisition or Sale of Assets. Enter into any merger or consolidation or acquire all or substantially all the assets of any person, firm, partnership, joint venture or corporation, or sell, lease or otherwise dispose of any of any material portion of its assets (except assets disposed of in the ordinary course of business).

Section 7.3 Location of Collateral. Except as contemplated hereunder, transfer, or permit the transfer, to another location of any of the Collateral (other than the Equipment Collateral); provided, however, that the Borrower may transfer the Collateral or the books and records related thereto to another location if the Borrower shall have provided to the Bank prior to such transfer an opinion of counsel addressed to the Bank to the effect that the Bank's perfected security interest shall not be affected by such move or if it shall be affected, setting forth the steps necessary to continue the Bank's perfected security interest together with the commencement of such steps by the Borrower at its expense.

Section 7.4 The Leases. Except as expressly permitted hereunder, it will not assign or pledge, any of its right, title or interest hereby assigned, to anyone other than the Bank, and the Borrower will not, except as provided in or permitted by this Agreement, accept any payment from any Lessee, acquiesce to, permit, enter into any agreement providing for, or suffer to occur, any amendment, supplement, modification or termination of any Lease, execute any waiver or modification of, or consent under, settle or compromise any claim against any Lessee arising under the Leases or submit or consent to the submission of any dispute, difference or other matter arising under or in respect of the Leases to arbitration thereunder, or fail to comply with all of its obligations under such Leases.

Section 7.5 ERISA. Set up or establish any pension, profit sharing or other similar plan.

#### VIII. EVENTS OF DEFAULT

The occurrence of one or more of the following events shall be "Events of Default" under this Agreement, and the terms "Event of Default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

Section 8.1 Failure to Pay the Obligations. The Borrower shall fail to make any payment of principal of or interest on the Revolving Credit Note or otherwise pay any of the Obligations within five (5) days after the same shall become due and payable.

Section 8.2 Breach of Representations and Warranties. Any representation or warranty made herein or in any report, certificate, opinion (including any opinion of counsel for the Borrower), financial statement or other instrument furnished in connection

with the Obligations or with the execution and delivery of any of the Loan Documents shall prove to have been false or misleading in any material respect when made.

Section 8.3 Failure to Perform the Obligations. The Borrower shall default in the due observance and performance of any covenant, condition, obligation or agreement contained in this Agreement and such default shall continue unremedied for a period of thirty (30) days after notice to the Borrower from the Bank.

Section 8.4 Default Under The Leases. An event of default shall occur under any of the Leases, and such event of default is not cured within thirty (30) days after notice thereof to the Borrower from the Bank.

Section 8.5 Receiver; Bankruptcy of Borrower. The Borrower shall (a) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, (b) admit in writing its inability to pay its debts as they mature, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent, (e) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law or if corporate action shall be taken by the Borrower for the purposes of effecting any of the foregoing, (f) by any act indicating its consent to, approval of or acquiescence in any such proceeding or the appointment of any receiver of or trustee for any of its property, or suffer any such receivership, trusteeship or proceeding which continues undischarged for a period of sixty (60) days.

Section 8.6 Receiver; Bankruptcy of Lessee. Any Lessee shall (a) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, (b) admit in writing its inability to pay its debts as they mature, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent, (e) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law or if corporate action shall be taken by any Lessee for the purposes of effecting any of the foregoing, (f) by any act indicating its consent to, approval of or acquiescence in any such proceeding or the appointment of any receiver of or trustee for any of its property, the obligations of the Lessee under the Lease shall not have been duly assumed in writing pursuant to a court order or

decree and all defaults, if any, cured, within sixty (60) days after the occurrence of any of the foregoing events, and the Borrower shall fail to relet the Equipment to another lessee acceptable to the Bank, on terms and conditions substantially similar to those found in the Lease.

Section 8.7 Judgment. Unless adequately insured in the opinion of the Bank, the entry of a final judgment for the payment of money involving more than \$100,000 against the Borrower or any Lessee and the failure by the Borrower or any Lessee to discharge the same, or cause it to be discharged, within thirty (30) days from the date of the order, decree or process under which or pursuant to which such judgment was entered, or to secure a stay of execution pending appeal of such judgment.

Section 8.8 Execution; Attachment. Any execution or attachment shall be levied against the Collateral, or any part thereof, and such execution or attachment shall not be set aside, discharged or stayed within thirty (30) days after the same shall have been levied.

Section 8.9 Default Under Other Borrowings. Default shall be made by the Borrower with respect to any evidence of indebtedness or liability for borrowed money exceeding \$250,000 in the aggregate (other than the Loan) if the effect of such default is to accelerate the maturity of such evidence of indebtedness or liability or to permit the holder or obligee thereof to cause any indebtedness to become due prior to its stated maturity.

Section 8.10 Change in Management. Any change in the management of the Borrower such that Lou Zehner is no longer the chief operating officer and chief executive officer of the Borrower unless due to death or permanent disability.

## IX. RIGHTS AND REMEDIES UPON DEFAULT

Section 9.1 Remedies. Upon the occurrence of an Event of Default, and in every such event and at any time thereafter, the Bank shall have, among other things, the rights, options, duties and remedies of a secured party, and the Borrower shall have the rights and duties of a debtor, under the UCC (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the generality of the foregoing, the Bank may exercise any one or more or all, and in any order, of the remedies hereinafter set forth:

(a) The Bank may declare the Obligations immediately due and payable, both as to principal and interest, without presentment, demand, protest, or any notice of any kind, all of which are hereby expressly waived, anything contained herein or in any of the other Loan Documents to the contrary notwithstanding.

(b) The Borrower shall, at the request of the Bank, promptly execute and deliver to the Bank such instruments of title or other documents as the Bank may deem necessary or advisable to enable the Bank or an agent or representative designated by the Bank, at such time or times and place or places as the Bank may specify, to obtain possession of all or any part of the Collateral. If Borrower shall for any reason fail to execute and deliver such instruments and documents after such request by the Bank the Bank shall be entitled in a proceeding to which the Borrower shall be a necessary party, to a judgment for specific performance of the covenants contained in the foregoing sentence, conferring upon the Bank the right to immediate possession and requiring the Borrower to execute and deliver such instruments and documents to the Bank. Subject to the rights of the Lessees, if any, under the Leases, the Bank shall have the right to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Borrower or any other person in possession thereof, with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold.

The Bank may, but shall not be obligated to, from time to time, at the expense of the Borrower, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Collateral, as it may deem proper. In each such case, the Bank shall have the right to use, operate, store, lease, control or manage the Collateral and to exercise all rights and powers of the Borrower relating to the Collateral as the Bank shall deem appropriate, including the right to enter into any and all such agreements with respects to the use, operation, storage, leasing, control or management of the Collateral or any part thereof; and the Bank shall be entitled to collect and receive directly all tolls, rents, issues, profits, products, revenues and other income of the Collateral and every part thereof, without prejudice, however, to any other right of the Bank under any provision of this Agreement to collect and receive all cash and other moneys held by, or required to be deposited with the Bank hereunder. In accordance with the terms of this Section 9.1(b), such tolls, rents, issues, profits, products, revenues and other income shall be applied to pay the expenses of using, operating, storing, leasing, controlling or managing the Collateral and of all maintenance, insurance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Bank may be required or may elect to make, if any, for taxes, assessments, insurance or there proper charges upon the Collateral or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Borrower in accordance with this Section 9.1(b)), and all other payments which the Bank may be required or authorized to make under any provision of this Agreement, including this Section 9.1(b), as well as just and reasonable compensation for the

services of all persons properly engaged and employed by the Bank for the purposes hereof.

(c) Subject to the rights of the Lessees, if any, under the Leases, the Bank may either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Borrower and the Lessee thereof once at least ten (10) days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder or, unless prohibited under applicable law, at private sale, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Bank alone may determine, and at any place (whether or not the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Bank or the Borrower may bid and become the purchaser at any such sale.

The Borrower hereby irrevocably constitutes the Bank the true and lawful attorney-in-fact of the Borrower (in the name of the Borrower or otherwise) for the purpose of effectuating any sale, assignment, transfer or delivery for enforcement of the Lien whether pursuant to foreclosure or power of sale or otherwise, to execute and deliver all such bills of sale, assignments and other instruments as the Bank may consider necessary or appropriate, with full power of substitution, the Borrower hereby ratifying and confirming all that such attorney or any substitute shall lawfully do by virtue hereof. Nevertheless, if so requested by the Bank or any purchaser, the Borrower shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Bank or such purchaser all bills of sale or other title documents, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request. The Bank agrees that the Borrower shall have the rights of a "debtor" under Section 9-505(2) of the Uniform Commercial Code and shall be entitled to receive the notice referred to therein.

(d) Subject to the rights of the Lessees, if any, under the Leases, the Bank may proceed to protect and enforce its rights under this Agreement and the other Loan Documents by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law.



(e) Subject to the rights of the Lessees, if any, under the Leases, the Bank may proceed to exercise all rights, privileges and remedies of the Borrower under the Leases, and may exercise all such rights and remedies either in the name of the Bank or in the name of the Borrower for the use and benefit of the Bank.

(f) Each and every right, power and remedy herein given to the Bank specifically or otherwise in this Agreement shall be cumulative and shall be in addition to every, other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often in such order as may be deemed expedient by the Bank and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Bank in the exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Borrower or any Lessee or to be in acquiescence therein.

Section 9.2 Expenses. If the Borrower shall fail to pay the Obligations or otherwise fail to perform, observe or comply with any of the conditions, covenants, terms, stipulations or agreements contained in this Agreement or any of the other Loan Documents, the Bank without notice to or demand upon the Borrower and without waiving or releasing any of the Obligations or any Event of Default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of the Borrower (the "Expense Payments"), and may enter upon the premises of the Borrower for that purpose and take all such action thereon as the Bank may consider necessary or appropriate for such purpose. All sums so paid or advanced by the Bank and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith together with interest thereon at the rate of 2% per annum in excess of the then current interest rate payable on the Revolving Credit Note from the date of payment until paid in full, shall be paid by the Borrower to the Bank on demand and shall constitute and become a part of the Obligations.

Section 9.3 Notice and Liquidation Costs. Any written notice of the sale, disposition or other intended action by the Bank with respect to the Collateral that is sent by regular mail, postage prepaid, to the Borrower at the address set forth in Part XI hereof, or such other address of the Borrower that may from time to time be shown on the Bank's records, at least ten (10) days prior to such sale, disposition or other action, shall constitute reasonable notice to the Borrower. The Borrower shall be liable for all costs and expenses, including, without limitation,

attorney's fees and expenses, incurred by or on behalf of the Bank in preparing for sale or other disposition, selling, managing, collecting or otherwise disposing of, the Collateral. All of such costs and expenses (the "Liquidation Costs") together with interest thereon from the date incurred until paid in full at a per annum rate of interest that is equal to the rate of interest set forth in the Revolving Credit Note plus 2% per annum, shall be paid by the Borrower to the Bank on demand and shall constitute and become a part of the Obligations. Any proceeds of sale or other disposition of the Collateral will be applied by the Bank to the payment of the Liquidation Costs and Expense Payments, and any balance of such proceeds will be applied by the Bank to the payment of the balance of the Obligations in such order and manner of application as the Bank may from time to time in its sole discretion determine. After such application of the proceeds, any balance shall be paid to the Borrower or to any other party entitled thereto.

Section 9.4 Waiver of Borrower. To the extent now or at any time hereafter enforceable under applicable law, the Borrower covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension of law now or at any time hereafter in force, nor claim, take nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Borrower acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Bank but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted. Notwithstanding the foregoing, nothing contained herein shall be deemed to constitute a waiver by the Borrower of its right to insist upon the Bank's disposition of the Collateral in a commercially reasonable matter following the occurrence of any Event of Default hereunder.

Section 9.5 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Borrower in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Borrower, its successors and assigns, and against any and all persons claiming the property sold or any

part thereof under, by or through the Borrower, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessees under the Leases).

Section 9.6 Discontinuance of Remedies. In case the Bank shall have proceeded to enforce any right under the Loan Documents by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Borrower and the Bank shall be restored to their former position and rights hereunder with respect to the Collateral.

#### X. MISCELLANEOUS

Section 10.1 Notices. All notices, certificates or other communications hereunder shall be deemed given when delivered by hand or courier, or when mailed by certified mail, postage prepaid, return-receipt requested, addressed as follows:

if to the Bank: THE FIRST NATIONAL BANK OF MARYLAND  
7 East Redwood Street, 6th Floor  
Baltimore, Maryland 21203  
Attention: Transportation Division

if to the               RADNOR ASSOCIATES, LTD.  
Borrower:           2 Radnor Corporate Center, Suite 114  
                      90 Matsonford Road  
                      Radnor, Pennsylvania 19087  
                      Attention: Lou Zehner,  
                                  President

Section 10.2 Consents and Approvals. If any consent, approval, or authorization of any state, municipal or other governmental department, agency or authority or of any person, or any person, corporation, partnership or other entity having any interest therein, should be necessary to effectuate any sale or other disposition of the Collateral, the Borrower agrees to execute all such applications and other instruments, and to take all other action, as may be required in connection with securing any such consent, approval or authorization.

Section 10.3 Remedies, etc. Cumulative. Each right, power and remedy of the Bank as provided for in this Agreement or in any of the other Loan Documents or in the Leases or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement or in any of the other Loan Documents or in the Leases or now or hereafter existing at law or in equity, by statute or otherwise, and the exercise or beginning of the exercise by the Bank of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by the Bank of any or all such other rights, powers or remedies. In order to entitle the Bank to exercise any remedy reserved to it herein, it shall not be

necessary to give any notice, other than such notice as may be expressly required in this Agreement.

Section 10.4 No Waiver of Rights by the Bank. No failure or delay by the Bank to insist upon the strict performance of any term, condition, covenant or agreement of this Agreement or of any of the other Loan Documents, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant or agreement or of any such breach or preclude the Bank from exercising any such right, power or remedy at any later time or times. By accepting payment of any amount payable under this Agreement or under any of the other Loan Documents after the same is due and payable (and any applicable grace period with respect thereto has expired), the Bank shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under this Agreement or under any of the other Loan Documents, or to declare a default for failure to effect such prompt payment of any such other amount.

Section 10.5 Entire Agreement. This Agreement and the other Loan Documents shall completely and fully supersede all other prior agreements, both written and oral, between the Bank and the Borrower relating to the Obligations. Neither the Bank nor the Borrower shall hereafter have any rights under such prior agreements but shall look solely to this Agreement and the other Loan Documents for definition and determination of all of their respective rights, liabilities and responsibilities relating to the Obligations.

Section 10.6 Survival of Agreement; Successors and Assigns. All covenants, agreements, representations and warranties made by the Borrower herein and in any certificate, in the Loan Documents and in any other instruments or documents delivered pursuant hereto shall survive the making by the Bank of the Loan and the execution and delivery of the Revolving Credit Note, and shall continue in full force and effect so long as any of the Obligations are outstanding and unpaid. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party. All covenants, promises and agreements by or on behalf of the Borrower, which are contained in this Agreement, shall inure to the benefit of the successors and assigns of the Bank, and all covenants, promises and agreements by or on behalf of the Bank, which are contained in this Agreement, shall inure to the benefit of the permitted successors and permitted assigns of the Borrower, but this Agreement may not be assigned by the Borrower [without the prior written consent of the Bank].

Section 10.7 Expenses. The Borrower agrees to pay all out-of-pocket expenses of the Bank (including the fees and expenses of its legal counsel up to, but not to exceed \$1,500.00) in connection with the preparation of this Agreement and the Loan Documents, the recordation of this Agreement, the Leases, all UCC

1s and UCC 3s, and all financing statements and such other documents, amendments, instruments continuation statements or other filings as may be required by the Bank at the time of, or subsequent to, the execution of this Agreement to secure the Obligations (including any and all recordation tax and other costs and taxes incident to recording), the enforcement of any provision of this Agreement and the collection of the Obligations. The Borrower agrees to indemnify and save harmless the Bank for and from any liability resulting from the failure to pay any required recordation tax, transfer taxes, recording costs or any other expenses incurred by the Bank in connection with the Obligations. The provisions of this Section shall survive the execution and delivery of this Agreement and the repayment of the Obligations. The Borrower further agrees to reimburse the Bank upon demand for all out-of-pocket expenses (including reasonable attorneys' fees and legal expenses) incurred by the Bank in enforcing any of the Obligations or any security therefor, which agreement shall survive the termination of this Agreement and the repayment of the Obligations.

Section 10.8 Counterparts. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument.

Section 10.9 Maryland Law Governs. This Agreement and all other related instruments and documents and the rights and obligations of the parties hereunder and thereunder shall, in all respects, be governed by, and construed in accordance with, the laws of the United States of America and to the extent applicable to the State of Maryland, including all matters of construction, validity and performance.

Section 10.10 Modifications. No modification or waiver of any provision of this Agreement or of any of the other Loan Documents, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in the same, similar or other circumstance.

Section 10.11 Illegality. If fulfillment of any provision hereof or any transaction related hereto or to any of the other Loan Documents, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provisions herein contained other than the provisions hereof pertaining to repayment of the Obligations operates or would prospectively operate to invalidate this Agreement in whole or in part, then such clause or provision only shall be void, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect; and if such pro-

vision pertains to repayment of the Obligations, then, at the option of the Bank, all of the Obligations of the Borrower to the Bank shall become immediately due and payable.

Section 10.12 Extension of Maturity. Should the principal of or interest on the Revolving Credit Note become due and payable on other than a Banking Day, the maturity thereof shall be extended to the next succeeding Banking Day and in the case of principal, interest shall be payable thereon at the rate per annum specified in the Revolving Credit Note during such extension.

Section 10.13 Gender, etc. Whenever used herein, the singular number shall include the plural, the plural the singular and the use of the masculine, feminine or neuter gender shall include all genders.

Section 10.14 Headings. The headings in this Agreement are for convenience only and shall not limit or otherwise affect any of the terms hereof.

Section 10.15 Liability of the Bank. The Borrower hereby agrees that the Bank shall not be chargeable for any negligence, mistake, act or omission of any accountant, examiner, agency or attorney employed by the Bank (except for the willful misconduct of any person, corporation, partnership or other entity employed by the Bank) in making examinations, investigations or collections, or otherwise in perfecting, maintaining, protecting or realizing upon any lien or security interest or any other interest in the Collateral or other security for the Obligations.

## XI. DEFINITIONS

For the purposes hereof:

(a) Each accounting term not defined herein shall have the meaning given to it under generally accepted accounting principles as applied to the Borrower on a consistent basis by the Borrower's accountants in the preparation of its previous annual financial statements.

(b) "Banking Day" shall mean any day that is not a Saturday, Sunday or bank holiday in the State of Maryland.

(c) "Person" shall include natural persons, corporations (which shall be deemed to include business trusts), associations, companies, partnerships and joint ventures.

(d) "Loan Documents" shall be the Loan Agreement, Chattel Mortgage and Security Agreement, the Revolving Credit Note and all other documents executed by the Borrower or any other person at any time in connection with the Revolving Credit Loan.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, under seal, as of the day and year first above written.

ATTEST:

RADNOR ASSOCIATES, LTD.

*Valerie A. Zorby*

By:

*James P. Hutton*

(SEAL)

*Vice President*

ATTEST:

THE FIRST NATIONAL BANK OF MARYLAND

*Valerie A. Zorby*

By:

*George Wood*

(SEAL)

George Wood  
Senior Vice President

EXHIBITS

- A. Revolving Credit Note
- B. Lessee's Consent and Agreement
- C. Loan Agreement Supplement No. 1



Commonwealth

State of PENNSYLVANIA )

County of DELAWARE ) ss:

On this 15th day of June, 1989, before me personally appeared JAMES P. HERMAN, to me personally known, who being by me duly sworn, says that he is the VICE PRESIDENT of RADNOR ASSOCIATES, LTD., a Pennsylvania corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]

Verna E. Venuto  
Notary Public

My Commission expires November 25, 1990

NOTARIAL SEAL  
VERNA E. VENUTO, Notary Public  
Radnor Twp., Delaware County, Pa.  
My Commission Expires Nov. 25, 1990

State of Maryland)  
City of Baltimore) ss:  
County

On this 20 day of June, 1989, before me personally appeared George Wood, to me personally known, who being by me duly sworn, says that he is a Senior Vice President of THE FIRST NATIONAL BANK OF MARYLAND, a national banking association, that the seal affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said association by authority of its Board of Directors, and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

Paul W. Zile  
Notary Public

[Seal]

My Commission expires July 1, 1990

## REVOLVING CREDIT NOTE

\$895,000.00

Baltimore, Maryland  
June \_\_, 1989

FOR VALUE RECEIVED, RADNOR ASSOCIATES, LTD., a Pennsylvania corporation (the "Borrower"), hereby promises to pay to the order of THE FIRST NATIONAL BANK OF MARYLAND (the "Bank") the principal sum of EIGHT HUNDRED NINETY-FIVE THOUSAND DOLLARS (\$895,000.00), or so much thereof as shall have been actually advanced by the Bank to the Borrower pursuant to that certain Loan Agreement, Chattel Mortgage and Security Agreement of even date herewith between the Bank and the Borrower (the "Loan Agreement"), together with interest thereon from the date hereof until paid in full, as provided below.

Principal and interest shall be payable as follows:

(a) Interest shall be payable on the sums advanced at an annual rate which is at all times equal to one percent (1%) per annum in excess of the fluctuating prime rate of interest established and declared by the Bank from time to time (the "Prime Rate") (in no event to exceed the maximum rate allowed by law). Such accrued interest shall be payable, in arrears, on July 1, October 1, January 1 and April 1 of each year, commencing July 1, 1989, for so long as this Revolving Credit Note may be outstanding. Interest shall be computed on the basis of a 360-day year, 30-day month for the actual number of days elapsed.

(b) On each of the dates referenced below, the Borrower shall pay to the Bank an amount equal to the positive difference between the principal amount then outstanding and the maximum loan amount available to the Borrower on such date:

<u>Date</u>	<u>Maximum Availability</u>
04/01/89	\$650,000
07/01/89	\$575,000
10/01/89	\$520,000
01/01/90	\$450,000
04/01/90	\$375,000
07/01/90	\$300,000
10/01/90	\$230,000
01/01/91	\$160,000
04/01/91	\$ 80,000
07/01/91	\$ -0-

(c) Notwithstanding the foregoing, upon Borrower's fulfillment of each of the conditions set forth in Section 3.3 of the Agreement, the amount to be made available to the Borrower shall be increased in accordance with the provisions of- Section 1.1 of the Agreement. From and after the date of such increase, the Borrower shall pay to the Bank on the dates set forth below an amount equal to the positive difference between the principal amount then outstanding and the maximum loan amount then available to Borrower on such date:

<u>Date</u>	<u>Maximum Availability</u>
04/01/89	\$650,000
07/01/89	\$575,000
10/01/89	\$895,000
01/01/90	\$815,000
04/01/90	\$720,000
07/01/90	\$630,000
10/01/90	\$545,000
01/01/91	\$455,000
04/01/91	\$355,000
07/01/91	\$255,000
10/01/91	\$240,000
01/01/92	\$215,000
04/01/92	\$195,000
07/01/92	\$175,000
10/01/92	\$150,000
01/01/93	\$ -0-

(d) The rate of interest charged hereunder shall be adjusted on any day on which there is a change in the Prime Rate.

(e) Upon default in any payment, the unpaid principal balance shall bear interest thereafter at a rate which is at all times equal to three percent (3%) per annum in excess of the Prime Rate (in no event to exceed the maximum rate allowed by law) until paid in full.

All payments of principal and interest shall be payable in lawful money of the United States of America, which shall be legal tender in payment of all debts and dues, public and private, at the time of payment.

The fact that the principal balance hereunder may be reduced to zero from time to time pursuant to the Loan Agreement will not affect the continuing validity of this Revolving Credit Note or the Loan Agreement, and the balance may be increased to the principal sum stated above after any such reduction to zero.

This Revolving Credit Note may be prepaid at any time, in whole or in part, without penalty or premium.

Any amounts received from time to time by the Bank which constitute payment for a casualty occurrence to any Item of Equipment (as such term is defined in the Loan Agreement) shall be applied by the Bank as follows: --

(i) first, to the payment of an amount equal to the accrued but unpaid interest then payable hereunder;

(ii) second, to the prepayment, without premium, to the unpaid principal amount which may be outstanding on the date thereof; and

(iii) third, the balance, if any, to the Borrower or whosoever may be entitled thereto.

Notwithstanding the foregoing, if at the time the Bank receives such casualty value payment the outstanding principal amount of the Revolving Credit Loan is less than the maximum amount then available to the Borrower, the Bank shall deposit such casualty value payment into the Collateral Account.

Except as provided above, all payments received hereunder shall be applied first to the payment of interest and the balance, if any, to the payment of principal, unless otherwise agreed to by the Bank.

This Revolving Credit Note is the Revolving Credit Note referred to in the Loan Agreement and is secured as provided in the Loan Agreement.

The Borrower shall pay also prior to judgment, costs of collection, including a reasonable attorney's fee, if this Revolving Credit Note is referred to an attorney for collection following default.

This Revolving Credit Note, having been executed and delivered in the State of Maryland, is to be governed by, construed under and enforced in all respects according to, the laws of the State of Maryland.

The rights and remedies of the holder of this Revolving Credit Note, as provided herein, shall be cumulative and concurrent and may be pursued singularly, successively or together at the sole discretion of the holder, and may be exercised as often as occasion therefor shall occur, and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release of the same.

In the event that any one or more of the provisions (or any part of any provision) of this Revolving Credit Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, or in the event that any one or more of the provisions of this Revolving Credit Note operates or would prospectively operate to invalidate this Revolving Credit Note, then and in

either of those events, such provision or provisions only shall be deemed null and void and shall not affect any other provisions (or remaining part of the affected provision) of this Revolving Credit Note and the remaining provisions (or remaining part of the affected provision) of this Revolving Credit Note shall remain operative and in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

The Borrower hereby waives presentment, protest and demand, notice of protest, notice of demand and of dishonor and non-payment of this Revolving Credit Note, and expressly agrees that this Revolving Credit Note or any payment hereunder may be extended from time to time without in any way affecting the liability of the Borrower.

IN WITNESS WHEREOF, the Borrower has caused this Revolving Credit Note to be duly executed, under seal, as of the day and year first above written.

ATTEST:

RADNOR ASSOCIATES, LTD.

\_\_\_\_\_ By: \_\_\_\_\_ (SEAL)

NOTICE OF ASSIGNMENT  
AND  
LESSEE'S CONSENT AND AGREEMENT

Pursuant to Section 12 of that certain Lease of Railroad Equipment dated as of June 1, 1977, as amended and extended by the terms of that First Amendment to Lease of Railroad Equipment dated as of October 1, 1988 (the "Lease"), between Radnor Associates, Ltd., as assignee of Equilease Corporation (the "Lessor"), and the Soo Line Railroad Company, as successor-in-interest to Chicago, Milwaukee, St. Paul and Pacific Railroad Company (the "Lessee"), Lessor hereby gives notice that Lessor has assigned to The First National Bank of Maryland (the "Lender") all of its rights, title and interest (but not its obligations) in and to the Lease and all equipment leased thereunder, including, without limitation, the right to receive all rent and other payments due and to become due and payable thereunder. Accordingly, Lessor hereby instructs Lessee to make all future payments directly to Lender via wire transfer at 25 South Charles Street, Baltimore, Maryland 21201, Attn: Transportation Division or at such other address as Lender shall designate from time to time in writing to Lessee. Payments should continue to be made to Lender until such time as Lender shall advise you otherwise in writing, or until no further payments are required to be made pursuant to the terms of the Lease.

Lessee hereby acknowledges receipt of notice of such assignment and agrees as follows:

(1) subject to the terms and conditions of the Lease, to pay all payments due and to become due to the Lessor under the Lease directly to The First National Bank of Maryland, by wire transfer or other immediately available funds, at 25 South Charles Street, Baltimore, Maryland 21201, Attn: Transportation Division, or to such other address as may be furnished in writing to the Lessee by the Lender;

(2) agrees that the Lender shall be entitled to all of the benefits of, and to receive and enforce performance of, the terms, conditions, agreements and covenants of the Lessee under the Lease as though the Lender were named therein as the Lessor and that it will not assert against the Lender any claim or defense the Lessee may have and/or assert against the Lessor under the Lease;

(3) agrees that the Lender shall not, by virtue of the Lease or this Notice of Assignment and Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise;

(4) agrees that the Lease shall not, without the prior written consent of the Lender, be amended, terminated or modified, or any action be taken or omitted to be taken by the Lessee, the taking or omission of which might result in any alteration or impairment of the obligations of the Lessee hereunder or under the Lease or of any of the rights created by any thereof; and

(5) agrees that the Lessee's only interest under the Lease is that of a lessee and that the Lessee maintains no ownership or other interest in the Equipment except its leasehold interest as a lessee under the Lease.

Terms used and not otherwise defined herein shall have the meaning set forth in the Lease.

In connection herewith, Lessee hereby represents and warrants to Lender that:

(1) the Lease is in full force and effect and Lessee is not in default of any of the terms or provisions thereof;

(2) all rents due under the Lease prior to the date hereof have been fully paid to Lessor by Lessee;

(3) there are no liens, judgments, suits or proceedings, pending or threatened, against Lessee which if adversely determined could materially adversely affect the Lessee's financial condition or its ability to perform its obligations under the Lease; and

(4) to the best of its knowledge, Lessor is not in default of any of its obligations to Lessee under the Lease.

This Notice of Agreement and Consent and Agreement may be executed in several counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Notice of Assignment and Consent and Agreement to be duly executed, under seal, as of the date indicated below.



Dated: June \_\_, 1989.

SOO LINE RAILROAD COMPANY

By: \_\_\_\_\_ (SEAL)

RADNOR ASSOCIATES, LTD.

By: \_\_\_\_\_ (SEAL)

Accepted:

THE FIRST NATIONAL BANK OF MARYLAND

By: \_\_\_\_\_ (SEAL)

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LOAN AGREEMENT SUPPLEMENT NO. 1

Dated as of June \_\_, 1989

between

THE FIRST NATIONAL BANK OF MARYLAND

and

RADNOR ASSOCIATES, LTD.

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Covering  
25 100-Ton Covered Steel-Coil Gondola Cars

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Filed and recorded with the Interstate Commerce Commission  
pursuant to the Interstate Commerce Act, 49 U.S.C. §11303 on  
the \_\_\_\_ day of \_\_\_\_\_, 1989, recordation no. \_\_\_\_\_.

LOAN AGREEMENT  
SUPPLEMENT NO. 1

THIS LOAN AGREEMENT SUPPLEMENT NO. 1 (this "Supplement") is made as of \_\_\_\_\_, 1989, by and between THE FIRST NATIONAL BANK OF MARYLAND, a national banking association (the "Lender") and RADNOR ASSOCIATES, LTD., a Pennsylvania corporation (the "Owner").

RECITALS

A. Lender and Owner have heretofore entered into a certain Loan Agreement, Chattel Mortgage and Security Agreement dated as of June \_\_, 1989, pursuant to which the Lender has agreed to make loan advances to the Borrower to be secured by various leases of railroad equipment. On June \_\_, 1989, the Owner granted to the Lender a chattel mortgage lien on and security interest in its lease with the Soo Line Railroad Company (the "Soo Lease") and the auto racks leased pursuant thereto. The Loan Agreement was filed and recorded with the Interstate Commerce Commission ("I.C.C.") pursuant to the Interstate Commerce Act, 49 U.S.C §11301, on June \_\_, 1989 at \_\_\_\_\_ p.m., recordation number \_\_\_\_\_.

B. The Loan Agreement currently provides for the execution and delivery of a Loan Agreement Supplement, substantially in the form hereof, pursuant to which Owner is to grant to Lender a first priority chattel mortgage lien on and security interest in that certain Lease of Railroad Equipment dated as of May 22, 1980, as amended (the "Conrail Lease"), between the Owner, as lessor, and Consolidated Rail Corporation, as lessee, and in the 25-100 ton covered steel gondola cars leased pursuant thereto (the "Cars").

C. The Conrail Lease is currently on file with the I.C.C. and bears recordation number \_\_\_\_\_.

D. The parties intend that a counterpart copy of this Supplement be filed with the I.C.C. which, together with the Loan Agreement, shall create a chattel mortgage lien on and security interest in the Cars described therein.

Accordingly, the parties hereto agree as follows:

1. Security Interest. Owner, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, and in order to secure the Obligations (as such term is defined in the Loan Agreement), has granted and does hereby grant a first priority chattel mortgage lien

on and security interest in, with full power of sale, the Cars described in the Conrail Lease and this Supplement, forever, for the security and benefit of the Lender, its successors and assigns. The Owner does hereby pledge and assign to the Lender, and herewith delivers to the Lender, the original counterpart copy of the Conrail Lease.

TO HAVE AND TO HOLD the aforesaid property, subject to the terms and conditions set forth in the Loan Agreement with the same attendant rights and privileges granted to Lender with respect to the Soo Lease.

This Supplement shall be construed as supplemental to the Loan Agreement and shall form a part thereof and the Loan Agreement is hereby ratified, approved and confirmed.

2. Counterparts. This Supplement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but altogether only one Supplement.

3. Governing Law. This Supplement shall be governed by, and construed in accordance with, the laws of the State of Maryland.

4. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for the convenience of reference and shall not constitute a part of this Supplement nor shall they shall affect its meaning, construction or effect.

IN WITNESS WHEREOF, Owner has caused this Supplement to be duly executed and under seal as of the date first above written.

RADNOR ASSOCIATES, LTD.

By: \_\_\_\_\_ (SEAL)

SCHEDULE A

97 fully enclosed tri-level auto racks presently on lease to the Soo Line Railroad Company comprised of:

Models AB15153G including Whitehead & Kales radial end doors, 60-Ratchet Lo Ty's (A-234-786), 60-Idler Assemblies (A-234-760) and 60-Chain Assemblies (C-231-465).

Specifications ASK 6580 including Whitehead & Kales radial end doors, 60-Ratchet Lo Ty's (A-234-786), 60-Idler Assemblies (A-234-760) and 60-Chain Assemblies (C-231-465).

The serial numbers for the 97 tri-level auto racks are as follows:

<u>Serial No.</u>	<u>Serial No.</u>	<u>Serial No.</u>	<u>Serial No.</u>
58733-34	58825-26		
58731-32	58829-30	58765-66	58877-78
58725-26	58827-28	58755-56	58875-76
58717-18	58819-20	58775-76	58865-66
58719-20	58813-14	58769-70	58873-74
58721-22	58811-12	58771-72	58887-88
58723-24	58821-22	58773-74	58895-96
58709-10	58817-18	58781-82	58891-92
58711-12	58823-24	58783-84	58889-90
58715-16	58835-36	58791-92	58885-86
58741-42	58837-38	58789-90	58893-94
58743-44	58831-32	58787-88	58871-72
58735-36	58833-34	58779-80	58867-68
58729-30	58841-42	58777-78	58869-70
58727-28	58839-40	58795-96	58879-80
58745-46	58847-48	58797-98	58881-82
58739-40	58843-44	58799-800	58901-02
58737-38	58845-46	58793-94	58899-900
58751-52	58853-54	58801-02	58897-98
58749-50	58861-62	58815-16	58903-04
58759-60	58859-60	58809-10	58905-06
58753-54	58855-56	58805-06	58907-08
58757-58	58863-64	58807-08	58747-48
58761-62	58849-50	58803-04	
58767-68	58851-52		
58763-64	58857-58		

SCHEDULE B

25 Coil-Steel Cars with lift off covers on 100-ton trucks  
AAR mechanical designation GBSR

Conrail Road Nos. CR627900 to CR627924